

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 2119 – HB 2310**

April 17, 2018

**SUMMARY OF ORIGINAL BILL:** Authorizes a governing body of a county or municipality to advertise on the official website for the county or municipality its intent to exceed the certified property tax rate.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (017465):** Deletes all language after the enacting clause. Decouples Tennessee from provisions of the Tax Cut and Jobs Act of 2017 (TCJA) which (a) limit the amount of interest allowed as a deduction to 30 percent of the adjusted taxable income, and replaces it with the provisions of § 163(j) of the Internal Revenue Code of 1986, as it existed and applied prior to enactment of the TCJA, and (b) include certain contributions to capital in Federal gross income, and replaces it with the § 118 of the Internal Revenue Code, as it existed and applied prior to enactment of the TCJA. The substitution of “(a)” shall become effective for tax years beginning on or after January 1, 2020, and the substitution of “(b)” shall become effective for tax periods beginning on or after January 1, 2017.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Forgone State Revenue - \$200,000/FY17-18**

**\$800,000/FY18-19**

**\$42,900,000/FY19-20**

**Exceeds \$112,400,000/FY20-21 and Subsequent Years**

Assumptions for the bill as amended:

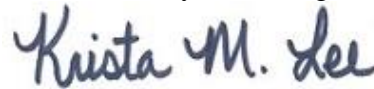
- The bill as amended will result in a net decrease in excise tax revenue, beginning in FY17-18; however, the decrease in revenue will be from an otherwise expanded tax base expected as the result of the TCJA; as a result, such revenue growth has not yet been collected or realized.

**SB 2119 – HB 2310**

- Due to the fact that the revenue has never been collected, the otherwise decrease in state revenue estimated as a result of the bill as amended is considered forgone revenue, rather than decreased state revenue.
- The following figures represent the estimated forgone state excise tax revenue per fiscal year:
  - FY17-18: \$200,000;
  - FY18-19: \$800,000;
  - FY19-20: \$42,900,000; and
  - FY20-21 and subsequent years: Exceeds \$112,400,000.
- Calculations used in determining this fiscal analysis have been omitted for the purpose of brevity. However, these calculations are on file with the Fiscal Review Committee staff and can be provided upon request.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb